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# TARGETED SANCTIONS: A POLICY ALTERNATIVE?

Paper by

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In his 1997 report on the work of the United Nations, Secretary General Kofi Annan stressed the importance of economic sanctions: the Security Council's tool to bring pressure without recourse to force. At the same time Annan worried about the harm that sanctions inflict on vulnerable civilian groups, and their collateral damage to third states. He acknowledged that "[i]t is increasingly accepted that the design and implementation of sanctions mandated by the Security Council need to be improved, and their humanitarian costs to civilian populations reduced as far as possible."[1]

Widely shared concerns about humanitarian and third country effects can undermine the political unity required for the effective implementation of multilateral sanctions. The case of Iraq stands as Exhibit A. With the erosion of support for the embargo against Iraq, it is becoming clear that the effectiveness of a sanctions regime partly depends on how it addresses humanitarian issues. Although virtually all sanctions regimes launched during the 1990s allow trade in humanitarian goods, the "blunt weapon" of comprehensive embargo inevitably hurts those at the bottom of the economic heap. Given the poor track record of sanctions in achieving their foreign policy goals, the conventional wisdom that civilian pain leads to political gain is being questioned. Many ask whether the costs of sanctions are worth the results. In response to these concerns, practitioners and scholars alike have been seeking for ways to fine-tune sanctions to direct their force against the those in power.

"Targeted sanctions" or "smart sanctions", like "smart bombs", are meant to focus their impact on leaders, political elites and segments of society believed responsible for objectionable behavior, while reducing collateral damage to the general population and third countries. Growing emphasis on the individual accountability of those in power for the unlawful acts of states (highlighted by the Pinochet case and the Bosnian war crimes trials), has made the concept of targeted sanctions all the more attractive.

Before taking a closer look at certain measures, it may be useful to draw a distinction between "targeted" and "selective" sanctions. "Selective" sanctions, which are less broad than comprehensive embargoes, involve restrictions on particular products or financial flows. "Targeted" sanctions focus on certain groups or individuals in the target country and aim to directly impact these groups.[2] Obviously the two concepts overlap.

### *Targeted Measures: Arms Embargoes, Travel Bans and Asset Freezes*

Arms embargoes are targeted in the sense that their purpose is to bend military and political leaders by denying them access to weapons and other military equipment, while sparing the civilian population. Arms embargoes seek to reduce violent conflict by reducing access to weapons. In addition, arms embargoes help identify and stigmatize those who violate international norms.

Since 1990 the UN Security Council has imposed ten arms embargoes in an effort to limit local conflicts.[3] Yet the effectiveness of arms embargoes in ending conflicts remains elusive. Only the use of force convinced the warring factions in Sierra Leone to lay down their arms, and seven years after the Angolan arms embargo, civil war remains in full swing. Weak enforcement, poor monitoring, and dire conditions in bordering countries all work to undermine arms embargoes.

Trafficking in small arms pays high profits even in normal times. Profits increase further with the imposition of an embargo, creating lucrative markets for illicit trade. These profits enrich precisely those the embargo is aimed to hurt, creating a financial interest in prolonged conflict. This is particularly true when the targeted group controls valuable natural resources. Angola illustrates the problem. Realizing that UNITA rebels use diamond profits to finance their weapons purchases, the UN Security Council imposed an embargo on uncertified diamond exports from Angola. This episode suggests that, as a stand-alone policy, arms embargoes are unlikely to curtail local conflicts.

Travel or aviation bans fall into two categories: restrictions on all air travel to and from a target country, and restrictions on the travel of targeted individuals, groups or entities. In the case of restrictions on air travel to and from a target country, or areas under control of targeted groups (such as UNITA), the assumption is that the flight ban will affect people in power substantially more than the general population.

The assumption that flight bans exert minimal humanitarian impact may not hold. In August 1996, the Security Council voted to impose a flight ban on the government of Sudan for its suspected support of international terrorism. Implementation of the ban was delayed, however, and the UN Department of Humanitarian Affairs subsequently issued a report on its possible humanitarian effects. The report showed that even a selective flight ban could cause humanitarian suffering. Since the Sudanese airline relies on international airports for its aircraft maintenance, a selective ban might have grounded the entire airline. This in turn would have created severe problems for relief organizations that rely on the airline to reach remote areas of the country. Taking these considerations into account, the UN Security Council never implemented the flight ban.

Travel bans and visa restrictions against individuals not only avoid the possible humanitarian impacts of broader travel restrictions, but also are useful in denying legitimacy to political leaders, military officials and their supporters. An interesting case study is the European Union "blacklist" of Serbian President Milosevic's supporters. The 600 individuals on the blacklist are prohibited from traveling in Europe and their assets in European banks are frozen. While Milosevic and his supporters benefited from the Serbian trade embargo by controlling the profitable black market, they do seem to mind personal international isolation. They find themselves hobbled in conducting business abroad: the travel ban cuts them off from their companies and bank accounts.[4]

With the exception of the EU blacklist and possibly the flight ban imposed on Libya in response to the bombing of Pan Am 103, travel bans seem to have had limited results. In the case of Libya, one needs to remember that Qaddafi handed over the Pan Am 103 suspects to an international court only after the UN travel ban was falling apart. The ban was crumbling because the Organization of African Unity called on its members and others to suspend compliance with the ban. This sequence suggests that the travel ban at most had a minor impact on Qaddafi's decision to comply with the UN Security Council demands.

Overall, travel sanctions seem to be primarily symbolic measures. While the enforcement of travel bans is easier than enforcement of an arms embargo, some challenges remain. False passports and visas may allow targeted individuals to circumvent the sanctions. It is often hard to identify the appropriate group or individuals that should be targeted. Deep knowledge of the country, the individuals and power structure is needed to enforce even travel bans.

Recent studies have taken a closer look at the effectiveness of targeted sanctions such as limiting access to financial markets, restricting economic assistance, or prohibiting new investment. Financial sanctions in general have a less immediate impact on trade flows and therefore cause less suffering. Empirical evidence also suggests that financial sanctions may be somewhat more likely to achieve a policy change in the target country. Based on economic sanctions cases analyzed in the second edition of *Economic Sanctions Reconsidered* (1990), financial sanctions used alone contributed partially to the achievement of foreign policy goals in 41 percent of the cases, compared to only 24 percent for trade sanctions alone.[5] However, financial sanctions have not typically been used as targeted measures. Historically asset freezes were imposed in episodes of severe hostility, often at the outbreak of war, and were part of a more comprehensive embargo (the archetypes being North Korea and Cuba).

In recent years, however, we have observed a few instances of targeted financial sanctions. These include measures such as a freeze on foreign assets of specifically designated individuals, state-owned companies and governments. Selective asset freezes were imposed on Haiti, Serbia-Montenegro, the Bosnian Serbs, and UNITA. The primary challenge facing these asset freezes is the identification of funds belonging to the individuals, governments and companies targeted. Although the means of tracking financial assets have greatly improved, so have the means of deception. Even when individual funds can be identified, secrecy and speed are critical to prevent targets from moving assets to numbered accounts in off-shore banking centers. Secrecy and speed are not easily reconciled with the need to build consensus among sender countries or within the UN Security Council. This point was illustrated by the recent UN sanctions imposed against the Taliban in Afghanistan. The UN Security Council threatened to block Taliban's assets if its demands were not met within one month, giving the Taliban ample time to avoid the sanctions.

***Support for the effectiveness of targeted measures***

The concept of targeted sanctions as an alternative to comprehensive trade embargoes is relatively new. Historically, asset freezes and travel bans were imposed in the context of broader economic sanctions. A survey of sanctions cases in the twentieth century shows that only in 20 cases were targeted sanctions (such as arms embargoes, asset freezes and travel sanctions) imposed outside the framework of comprehensive embargoes. Even in these 20 cases targeted sanctions were almost always imposed in combination with selective export restrictions or aid suspensions.

The record indicates that targeted sanctions have been used either as a "warm-up" for broader measures or as the supposed "knock-out" punch. The sanctions episode against Haiti illustrates the "knock-out" approach. Initial trade sanctions by the Organization of American States were followed by more comprehensive sanctions imposed by the UN Security Council. Only after these sanctions failed to bring change were targeted measures aimed directly at the Haitian military imposed. UK and UN sanctions against Rhodesia illustrate the "warm-up" approach. An asset freeze, arms embargo and selective export bans did not persuade Ian Smith to allow majority rule in Rhodesia. By 1968 the UN Security Council resorted to a comprehensive embargo. In neither Haiti nor Rhodesia were the targeted measures successful.

The success rate of targeted sanctions, in the 20 cases where they were imposed outside of comprehensive embargoes, is relatively low. Only 5 of the 20 cases can be judged partially successful, a rate of about 25 percent. This is slightly below than the success rate of 34 percent for economic sanctions in general during the twentieth century. In two of the success cases (Libya, Egypt) the goal was relatively limited and well-defined. AS a general proposition, targeted measures might have the most success when modest goals are sought.

On the other hand, the recent EU proposal to lift the general flight ban on Serbia while at the same time tightening sanctions against the supporters of Serbian President Milosevic illustrates a new use of targeted sanctions. As support for broader sanctions wanes, alternative measures targeted on the political elite offer a way to continue pressure while reducing the impact on the general population. During the long hostilities involving Serbia, the EU has been able to identify entities and individuals linked to President Milosevic, thus increasing the accuracy of targeted measure. The EU proposal represents a compromise between the US opposition to lifting any sanctions, and the more accommodating EU stance. In other words, targeted sanctions allow the coalition to remain united. Sanctions diplomacy in Serbia may be a prelude to developments in Iraq, North Korea and Cuba. Comprehensive sanctions may be gradually replaced by targeted measure. Just recently, UN Secretary General Kofi Annan suggested a move in this direction for Iraq.[6]

To summarize, targeted sanctions may satisfy the need in sender states to "do something", they may slake humanitarian concerns, and they may serve to unify fraying coalitions. But they are not a magic bullet for achieving foreign policy goals. Again quoting UN Secretary General: "The international community should be under no illusion: these humanitarian and human rights policy goals cannot easily be reconciled with those of a sanctions regime. It cannot be too strongly emphasized that sanctions are a tool of enforcement and, like other methods of enforcement, they will do harm. This should be borne in mind when the decision to impose them is taken, and when the results are subsequently evaluated."[7]

### TABLE 1: ARMS EMBARGOES, ASSET FREEZES, TRAVEL BANS

| CASE No.[a] | SENDER | TARGET | GOAL | YEARS | SCORE[b] | TARGETED SANCTIONS[c] | OTHER SANCTIONS IN PLACE | COST/GNP[d] |
|---|---|---|---|---|---|---|---|---|

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 88-2 | UNITED STATES, UNITED KINGDOM | SOMALIA | human rights, civil war | 1998-- | 1 | arms embargo | bilateral aid suspension | 5.8 |
| 94-3 | UNITED NATIONS, UNITED STATES | RWANDA | civil violence | 1994 1995 | 1 | arms embargo | bilateral aid suspension | -5.6* |
| 93-3 | UNITED NATIONS | ANGOLA, UNITA | civil war; democracy | 1993 - - | 1 | arms embargo, asset freeze-public, travel ban-private | oil embargo, embargo on diamond imports from UNITA controlled areas | 7.5 |
| 98-2 | UNITED STATES, EUROPEAN UNION | YUGOSLAVIA, SERBIA | Kosovo | 1998 - - | 1 | arms embargo, asset freeze-public, asset freeze-private, travel ban-public, travel ban-private | bilateral aid suspension, ban on government loans and credits, ban on new investment, selected exports (primarily oil) | 5.0 |
| 35-1 | LEAGUE, UNITED KINGDOM | ITALY | withdraw from Abyssinia | 1935 1936 | 1 | arms embargo | financial sanctions, selected export and import sanctions | 1.7 |
| 40-1 | UNITED STATES | JAPAN | withdraw from SE Asia | 1940 1941 | 1 | asset freeze-public | ban on selected exports (iron, steel, crude oil, arms, ammunition) | 0.9 |
| 93-4 | UNITED STATES, EUROPEAN UNION | NIGERIA | Human rights, democracy, narcotics | 1993 1998 | 2 | arms embargo, travel ban-private | bilateral aid suspension | 0.4 |
| 97-1 | UNITED NATIONS, ECONOMIC COMMUNITY OF WEST AFRICAN STATES | SIERRA LEONE | democracy | 1997 1999 | 2 | arms embargo, travel ban-private | ECOWAS trade embargo/blockade, UNSC oil embargo | 8.3 |
| 44-1 | UNITED STATES | ARGENTINA | destabilize Peron | 1944 1947 | 4 | asset freeze-public | denial of lend-lease aid | 0.8 |
| 88-1 | UNITED STATES, EUROPEAN UNION, JAPAN | BURMA | human rights, democracy | 1988 - - | 4 | travel ban-private | bilateral aid suspended, disinvestment | 1.7 |
| 87-1 | UNITED STATES | PANAMA | destabilize Noriega | 1987 1990 | 4 | asset freeze-public | bilateral aid suspension, suspension of sugar-quota, suspension of trade benefits | 6.0 |
| 32-1 | LEAGUE | PARAGUAY, BOLIVIA | settle the Chaco War | 1932 1935 | 6 | arms embargo | ban on selected exports (foodstuff) by Argentina only | 3.0 |
| 92-1 | ECONOMIC COMMUNITY OF WEST AFRICAN STATES, UNITED NATIONS | LIBERIA | civil war | 1992 1998 | 6 | arms embargo, asset freeze-public, travel ban-private | ban on exports from areas controlled by warring factions | 1.9 |
| 62-2 | UNITED NATIONS | SOUTH AFRICA | end apartheid; Nambia | 1962 1993 | 8 | arms embargo, travel ban-public | oil embargo | 2.8 |
| 56-2 | UNITED STATES, UNITED KINGDOM, FRANCE | EGYPT | Suez nationalization | 1956 1956 | 9 | asset freeze-public | prohibit payment of canal dues to Egypt | 3.4 |
| 92-13 | UNITED NATIONS | LIBYA | extradite Pan Am suspects | 1992 - - | 9 | arms embargo, asset freeze-public, travel ban-public | ban selected exports (petroleum refining, aircrafts and parts) | 0.9 |
| 82-1 | UNITED KINGDOM | ARGENTINA | withdraw from Falklands | 1982 1982 | 12 | asset freeze-public | ban on new official export credits, private bank loans, UK | 0.6 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | trade embargo | |
| 85-1 | UNITED STATES | SOUTH AFRICA | apartheid | 1985 1991 | 12 | arms embargo, travel ban-public | selected export ban, ban on government loans, ban on new investment, import of krugerrrand | 0.8 |
| 60-1 | UNITED STATES | DOMINICAN REPUBLIC | destabilize Trujillo | 1960 1962 | 16 | arms embargo | ban on selected exports and imports (petroleum, trucks, spare parts) | 1.9 |
| 99-1 | UNITED STATES | AFGHANISTAN | extradite Osama bin Ladin | 1999 - - | na | asset freeze-public, travel ban-public | US bans export to Taliban-controlled areas | 0.0 |

**NOTES:**

a. This is the number assigned to the episode in Hufbauer, Schott, Elliott assisted by Barbara Oegg, Economic Sanctions Reconsidered, third edition 2000.

b. This refers to the success score ascribed by Hufbauer, Schott, and Elliott. 1 represents total failure in achieving foreign policy goals, 16 represents complete success.

c. Public: refers to a general travel ban or freeze of government assets,: Private: refers to freeze of assets or travel bans and visa restrictions affecting certain groups or individuals.

d. Cost as percent of GNP.

* The amount of reconstruction and humanitarian aid received by Rwanda in early 1995 more than offset the impact of the sanctions.

## Notes

1. Annual Report of the Secretary-General on the Work of the Organization (1997), A/52/1.

2. For more detailed discussion of this point see: Kimberly A. Elliott. " Analyzing the Effects of Targeted Financial Sanctions." Paper prepared for the 2nd Interlaken Seminar on Targeted United Nations Financial Sanctions, March 1999.

3. Iraq (1990), Yugoslavia (1991), Somalia (1992, Libya (1992), Liberia (1992), Haiti (1993), Angola (1993), Rwanda (1994), Sierra Leone (1998) and again against the Federal Republic of Yugoslavia (1998) over the Kosovo conflict.

4. *New York Times,* 10 February 2000, A12; *Financial Times,* 15 February 2000, 2.

5. Hufbauer, Gary, Jeffrey Schott and Kimberly Elliott. (1990). *Economic Sanctions Reconsidered.* Washington, DC: Institute for International Economics.

6. *Financial Times,* 15 March 2000, 7.

7. Kofi Annan. "Report of the Secretary-General on the Work of the Organization - 1998" http://www.un.org/SG/report98/ch1.htm.

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